



**KENTUCKY STRATEGIC PLAN  
FOR ECONOMIC DEVELOPMENT  
2005 – 2009**

**October 2005 Update**

**KENTUCKY ECONOMIC DEVELOPMENT PARTNERSHIP**

**Governor Ernie Fletcher  
Chairman**

**KENTUCKY CABINET FOR ECONOMIC DEVELOPMENT**

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## **I. Secretary's Overview**

In 1992, the Kentucky General Assembly enacted HB 89, which created the Kentucky Economic Development Partnership Board to direct the state's economic development efforts. The Partnership is composed of thirteen members. Eight private sector members represent each of the state's congressional districts and different sectors of its economy. The secretaries of four Cabinets – Economic Development, Finance and Administration, Environmental and Public Protection, and Commerce – serve as public sector, ex-officio members. The Governor serves as chairman of the Partnership.

The Partnership initiated a strategic planning process to generate a dynamic plan of action to foster and focus Kentucky's economic development efforts. With the input and participation of hundreds of Kentuckians from varying parts of the state and its economy, the Commonwealth's economic development mission, values and broad goals were developed into a specific strategic plan.

The result was the Kentucky Strategic Plan for Economic Development first adopted in May 1994, with the mission, "To create more and higher quality opportunities for all Kentuckians by building an expanding sustainable economy." Teams involving Kentuckians from all geographic, demographic, and economic backgrounds were assembled to work on the plan. A revised Strategic Plan adopted in July 1997 reflected over 20 completed tactics and the need to consolidate efforts.

With the emergence of the knowledge-based economy, increased global competition, and challenges both new and old for Kentucky, the Board completely updated the original Strategic Plan for 2002-2006. The Partnership Board retained Paul Coomes, Ph.D., Professor of Economics, and National City Research Fellow, at the University of Louisville, and Michael Price, Kentucky State Demographer, of the University of Louisville to prepare a report on "The Recent Economic Performance of Regions in Kentucky." The report found that Kentucky's job growth has been strong, but earnings per job lagged behind the national average. The report cited low educational attainment levels as one of the "Causes of Differential Regional Economic Growth".

The Fall 2005 update to the Kentucky Strategic Plan for Economic Development was revised with input from staff, considering a review of the following documents: FY 2005 Strategic Plan Progress Reports and Governor Fletcher's Five Strategic Themes. The Cabinet's biennial budget for 2007-08 includes expansion items or new programs needing additional funds above FY 2006 funding identified as Objectives 2.2, 2.3, 2.4, 2.5, 3.4, and 4.4. The appropriate budgetary request will be made with submission of the biennial budget in 2007-08. None of the Objectives in the Strategic Plan impact the 6-Year Capital Plan.

## **II. 2005 Accomplishments**

The revised Kentucky Strategic Plan for Economic Development 2005-2009 takes into consideration several accomplishments over the last year from the Strategic Plan adopted in December 2004.

### **Objective 1.5     Develop building and land absorption analysis capability into the current site evaluation work program**

*Developed tracking system in existing site and building database to allow for the capture of available land added and absorbed. The new tracking system will allow the Cabinet to provide local officials and economic development professionals with information to assist with market feasibility information for decision-making purposes related to industrial site development.*

### **Objective 2.1.     Develop a small business lending program**

*The enactment of SB 156 in March 2005 provided the outline for the new small business loan program. Lending policies and application procedures were developed by staff and discussed at the June 30, 2005 KEDFA Board meeting. The program was launched in September 2005.*

### **Objective 2.4     Develop legislation to replace the expiring Kentucky Enterprise Zone Program with the Kentucky Enterprise Initiative Act**

*Legislation for the Kentucky Enterprise Initiative Act passed as part of HB 272 – Tax Modernization by the 2005 Kentucky General Assembly.*

### **Objective 2.5     Create interactive web-based database to promote sales between Kentucky companies**

*SB 156, which became law in March 2005, requires the Cabinet to maintain an interactive web-based database to promote sales between Kentucky companies. Preliminary work by Cabinet staff in the 2004 business survey yielded more than 700 interested Kentucky companies. Technology to support the database was created in-house and the program was launched in August 2005.*

### **Objective 4.1     Appropriate adequate funding to carry out the mission of the Kentucky Commission on Small Business Advocacy**

*The Cabinet's responsibility to support the Commission was effective June 20, 2005. Staff appointment and budget preparation commenced in the first quarter of FY 2006.*

### **Objective 4.6     Develop online registration system for businesses wanting to be notified of new state regulations that may impact small business as part of the role of the Commission on Small Business Advocacy**

*Online registration system developed allowing Kentucky businesses to register with the Commission on Small Business Advocacy for purposes of being notified of new state regulations that may impact small businesses and allow for comment and feedback from the businesses on the regulations.*

### **III. Statement of Alignment**

The Kentucky Strategic Plan for Economic Development 2005-2009 (Fall 2005 Update) fully considers the Strategic Themes of Governor Ernie Fletcher and is supportive of Governor Fletcher's strategic vision for Kentucky to create "A Commonwealth of Opportunity". Two of the Governor's Five Strategic Themes are supported by objectives in the Kentucky Strategic Plan for Economic Development 2005-2009 (Fall 2005 Update). Every objective in the Strategic Plan supports at least one of the Five Strategic Themes of Governor Fletcher. Some objectives support more than one theme. Listed below are two of the Governor's Five Strategic Themes, along with objectives from the Strategic Plan that support the below Strategic Themes. A full description of each objective is listed under section V of this report.

#### **I. Building Career and Economic Opportunities**

**Supportive Objectives:** 2.1, 2.2, 2.3, 2.4, 2.5, 3.1, 3.2, 3.3, 3.4, 3.5, 4.1, 4.2, 4.3, 4.4, 4.5 and 4.6.

#### **II. Enhance Responsible Governance**

**Supportive Objectives:** 1.1, 1.2, 1.3, 1.4, 1.5, 3.2, 4.2, 4.3, and 4.6.

## **IV. Values, Vision, and Mission**

The “visioning” process that the Economic Development Partnership Board undertook at the beginning of the planning effort in 1992 produced a set of five core values, a mission, and five goals for Kentucky. During the 2001 updating process, the values, mission and goals were reviewed, and a vision statement adopted. The Fall 2005 revisions left the values, vision, and mission unchanged.

**Values:** The five overriding values adopted by the Partnership are:

- 1. Openness and honesty**
- 2. Respect for people as individuals**
- 3. Being results oriented**
- 4. Innovation and risk**
- 5. A commitment to being the best**

**Vision:** Vision describes the Partnership’s aspirations and ideal future economic condition for the Commonwealth. The vision links with the Governor’s goal in his strategic initiative.

**Achieve an economic standard of living for Kentucky above the national average by 2020**

**Mission:** The mission statement reflects the broad perspective of the Board and is the fundamental purpose of the Kentucky Economic Development Partnership Board.

**To Create More and Higher Quality Opportunities by Building an Expanding Sustainable Economy to Improve the Quality of Life for All Kentuckians**

## **V. Goals, Objectives, and Performance Indicators**

### **Goal 1: Manage Cabinet Resources More Efficiently & Effectively**

**Objective 1.1**     **Recommend changes to the state personnel classifications as they apply to Cabinet positions to promote formal career paths**

**Performance Indicator 1.1.1:** Recommendations prepared by March 2006.

**Responsible Party:** Tom Hoehner

**Objective 1.2**     **Develop a Cabinetwide shared database for tracking companies and projects from initial contact, through financial incentives received until the end of the life of a located facility**

**Performance Indicator 1.2.1:** Database developed by October 2007.

**Responsible Party:** René True

**Objective 1.3**     **Implement professional development opportunities for Cabinet employees, including formal, on-the-job and cross-department assignments**

**Performance Indicator 1.3.1:** Professional development opportunities identified by December 2005.

**Responsible Party:** Tom Hoehner

**Objective 1.4**     **Develop a new BSSC web site with an online application and shop for service functionality for BSSC**

**Performance Indicator 1.4.1:** Online application process developed by October 2007.

**Responsible Party:** René True

**Objective 1.5**     **Develop online application process for Department of Financial Incentive tax incentive programs**

**Performance Indicator 1.5.1:** Online application process developed by June 2007.

**Responsible Party:** René True

## **Goal 2: Reduce Unemployment and Increase Per Capita Income**

**Objective 2.1**     **Create a Certified Sites Marketing Program to highlight “shovel ready” industrial sites in Kentucky**

**Performance Indicator 2.1.1:** Program implemented by August 2006.

**Responsible Party:** John McCarty

**\*Objective 2.2**     **Establish SBIR Phase I and Phase II State Matching Incentive Program**

**Performance Indicator 2.2.1:** Phase I program implemented by October 2006.

**Performance Indicator 2.2.2:** Phase II program implemented by October 2007.

**Responsible Party:** Deborah Clayton

**\*Objective 2.3**     **Establish a Statewide Entrepreneur Business Plan Competition for Knowledge Based Companies**

**Performance Indicator 2.3.1:** Statewide competition established by April 2007.

**Responsible Party:** Deborah Clayton

**\*Objective 2.4**     **Prepare a Statewide Database of New Economy Infrastructure Assets which Includes Life Sciences, BioSciences and Nano Sciences**

**Performance Indicator 2.4.1:** Database completed by July 2007.

**Responsible Party:** Deborah Clayton

**\*Objective 2.5**     **Develop a Life Sciences Commercialization Program**

**Performance Indicator 2.5.1:** Commercialization program established by December 2006.

**Responsible Party:** Deborah Clayton

## **Goal 3: Create a Globally Competitive Business Environment**

**Objective 3.1**     **Update the directory of Kentucky businesses engaged in international trade into a database to support further research and marketing efforts**

**Performance Indicator 3.1.1:** Database completed by March 2006.

**Responsible Party:** J. R. Wilhite



- Objective 3.2 Enhance Kentucky Economic Development Information System by developing web search capability by geographic location and drive time**
- Performance Indicator 3.2.1:** New web search capability implemented by February 2007.
- Responsible Party:** René True
- Objective 3.3 Support enactment of Right-to-Work legislation**
- Performance Indicator 3.3.1:** Work with General Assembly to introduce legislation to the 2006 General Assembly.
- Responsible Party:** Hollie Spade
- \*Objective 3.4 Establish a trade office in China by 2007**
- Performance Indicator 3.4.1:** Request budget increase to establish China trade office in the 2007-08 budget.
- Responsible Party:** J. R. Wilhite
- Objective 3.5 Create a web-based searchable database of Kentucky businesses and industry**
- Performance Indicator 3.5.1:** Database created by January 2007.
- Responsible Party:** René True

#### **Goal 4: Manage Resources to Maximize Return on Investment**

- Objective 4.1 Promote “best practices” models of multi-county economic development cooperation in workshops, educational programs and publications**
- Performance Indicator 4.1.1:** Program to promote “best practices” models implemented by December 2006.
- Responsible Party:** J. R. Wilhite
- Objective 4.2 Support the development of a database of Kentuckians that have achieved acceptable scores on employer recognized tests for use by employers to identify prospective employees**
- Performance Indicator 4.2.1:** Database established by August 2006.
- Responsible Party:** Donna Duncan

**Objective 4.3      Develop an online training provider directory and catalog of courses**

**Performance Indicator 4.3.1:** New directory and catalog completed by December 2006.

**Responsible Party:** Donna Duncan

**\*Objective 4.4      Complete a strategic analysis of the Five Priority Research Focus Areas from the *Kentucky Innovation: A Strategic Plan for the New Economy* to determine if they are still potential areas of economic growth**

**Performance Indicator 4.4.1:** Strategic analysis completed by January 2007.

**Responsible Party:** Deborah Clayton

**Objective 4.5      Create new graphic look and feel for Cabinet's web site along with customer driven navigation system**

**Performance Indicator 4.5.1:** New web site created by July 2006.

**Responsible Party:** Mandy Lambert

**Objective 4.6      Expand regulatory review process of Commission on Small Business Advocacy from new regulations (HB 609) to include the review of existing regulations**

**Performance Indicator 4.6.1:** Establish system for review of existing regulations by October 2006.

**Responsible Party:** J. R. Wilhite

- Indicates will require additional funds above baseline funding for FY 2006